

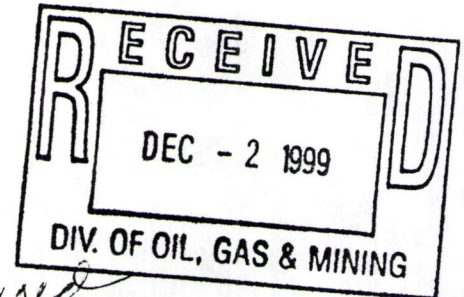
FORM MR-RC
Revised January 7, 1999
RECLAMATION CONTRACT

File Number M/045/046

Effective Date _____

Other Agency File Number _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940



RECLAMATION CONTRACT

---ooOoo---

*Replaced & Released
10-27-00
This original
returned to operator*

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/045/046
(Mineral Mined) Quartzite (High grade silica ore)

"MINE LOCATION":
(Name of Mine) SI02 4 and 5
(Description) The mine is located on the west side of Stansbury Island, 6 miles due north of Exit 84 - Interstate Highway 80, and approximately 12 miles north west of Grantsville, Utah

"DISTURBED AREA":
(Disturbed Acres) Currently approximately 4.4 acres are disturbed under a small mine permit. Over the projected mine life, no more than 24 total acres will be disturbed.
(Legal Description) (refer to Attachment "A")

"OPERATOR":
(Company or Name) McFarland and Hullinger
(Address) P.O. Box 238
Tooele, Utah 84074
(Phone) (435) 882-0103

"OPERATOR'S REGISTERED AGENT":

(Name)

MICHAEL STANFORD

(Address)

1343 East Wilson Avenue
SALT LAKE CITY, UTAH, 84105

(Phone)

(801) 230-3636

"OPERATOR'S OFFICER(S)":

MICHAEL STANFORD

Chief Executive Officer

"SURETY":

(Form of Surety - Attachment B)

Surety

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Continental Casualty Co.

"SURETY AMOUNT":

(Escalated Dollars)

\$100,000

"ESCALATION YEAR":

1999

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between McFarland and Hullinger, LC the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/045/046 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated 11-11-99, and the original Reclamation Plan dated 11-11-99. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face

amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

McFarland and Hullinger, L.C.
Operator Name

By Sidney K. Hullinger
Authorized Officer (Typed or Printed)

Chief Executive Officer
Authorized Officer - Position

Sidney K. Hullinger
Officer's Signature

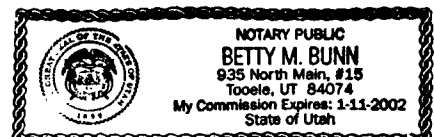
11-30-99
Date

STATE OF Utah)
COUNTY OF Wasatch) ss:

On the 30th day of November, 1999, personally
appeared before me Sidney K. Hullinger who being by
me duly sworn did say that he/she, the said Sidney K. Hullinger
is the Chief Executive Officer of McFarland and Hullinger
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
Sidney K. Hullinger duly acknowledged to me that said
company executed the same.

Betty M. Bunn
Notary Public
Residing at: Wasatch, Utah

January 11, 2002.
My Commission Expires:



DIVISION OF OIL, GAS AND MINING:

By _____
Lowell P. Braxton, Director

_____ Date

STATE OF _____)
COUNTY OF _____) ss:

On the _____ day of _____, 19 _____,
personally appeared before me _____, who being
duly sworn did say that he/she, the said _____
is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources,
State of Utah, and he/she duly acknowledged to me that he/she executed the foregoing
document by authority of law on behalf of the State of Utah.

Notary Public
Residing at: _____

My Commission Expires:

ATTACHMENT "A"

| | |
|------------------------------------|----------------------------|
| <u>MCFARLAND AND HULLINGER, LC</u> | <u>SIO2 4 AND 5</u> |
| Operator | Mine Name |
| <u>M/045/046</u> | <u>TOOELE</u> County, Utah |
| Permit Number | |

The legal description of lands to be disturbed is:

The areas to be disturbed are primarily contained within the northwest and northeast quarter sections of Section 28 of Township 1N Range 6W SLB&M. Additionally, there will be some access roads within the southwest and southeast quarter sections of Section 21 of the same Township.

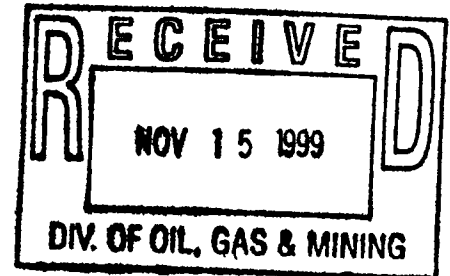
The mining areas and access roads will all be east of the county road that runs north and south on the west side of Stansbury Island. The ridgeline of the steep ridge east of the county road is the absolute eastern boundary of the proposed mining areas. We will not disturb more than 24 acres within the 48 acre proposed mining area. Further, this disturbance will proceed in small increments as the ore body is extremely steep and horizontal penetration into the mountain is gradual. We have been mining for five years and have disturbed only approximately 4.4 acres.

ATTACHMENT B

FORM MR-6
Joint Agency Surety Form
(January 7, 1999)

Bond Number _____
Permit Number S/045/046
Mine Name SI02 445 (Quartzite Pit Mine) Open
Other Agency File Number _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940



THE MINED LAND RECLAMATION ACT

SURETY BOND *****

*Released
& returned to
operator 10-27-00*

The undersigned McFarland and Hullinger, L.C. as Principal, and Continental Casualty Company as Surety, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining, and the U.S. Dept. of the Interior, Bureau of Land Management, in the penal sum of One Hundred Thousand and No/100 Dollars -----dollars (\$ 100,000.00).

Principal has estimated in the Mining and Reclamation Plan approved by the Division of Oil, Gas and Mining on the _____ day of _____, 19____, that _____ acres of land will be disturbed by this mining operation in the State of Utah.

A description of the disturbed land is attached as "Attachment A" to the Reclamation Contract of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal has satisfactorily reclaimed the disturbed lands in accordance with the approved Mining and Reclamation Plan and has faithfully performed all requirements of the Mined Land Reclamation Act, and complied with the Rules and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan provides for periodic partial reclamation of the disturbed lands, and if the lands are reclaimed in accordance with such Plan, Act and regulations, then Principal may apply for a reduction in the amount of this Surety Bond.

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Joint Agency Surety Bond
Attachment B

Bond Number _____
Permit Number S/045/046
Mine Name SI02 445 (Quartzite Open Pit Mine)
Other Agency File Number _____

In the converse, if the Mining and Reclamation Plan provides for a gradual increase in the area disturbed or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by the Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

McFarland and Hullinger, L.C.

Principal (Permittee)

Sidney K. Hullinger

By (Name typed):

Chief Executive Officer

Title

Sidney K. Hullinger

Signature

October 20, 1999

Date

Surety Company

Continental Casualty Company

Gary W. Manville

Company Officer

Attorney-in-Fact

Title/Position

Gary W. Manville

Signature

Surety Company Address

230 South 500 East #480

Salt Lake City, UT 84102

City, State, Zip

October 20, 1999

Date

AFFIDAVIT OF QUALIFICATION

On the 20th day of October, 19 99, personally appeared before me Gary W. Manville who being by me duly sworn did say that he/she, the said Gary W. Manville is the Attorney-in-Fact of Continental Casualty Company and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said Gary W. Manville duly acknowledged to me that said company executed the same, and that he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertaking and obligations.

Signed: [Signature]
Surety Officer
Title: Attorney-in-Fact

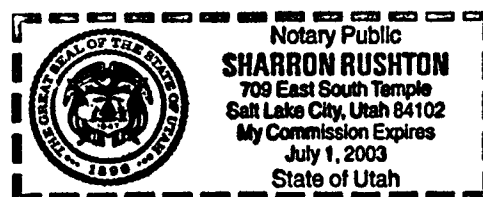
STATE OF Utah)
) ss:
COUNTY OF Salt Lake)

Subscribed and sworn to before me this 20th day of October, 19 99.

[Signature]
Notary Public Sharron Rushton
709 East South Temple
Salt Lake City, UT 84102
Residing at: _____

My Commission Expires:

July 1, 19 2003



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Joint Agency Surety Bond

Attachment B

Bond Number _____

Permit Number S/045/046

Mine Name S102 445 (Quartzite Open Pit Mine)

Other Agency File Number _____

SO AGREED this _____ day of _____, 19____.

Lowell P. Braxton, Director
Utah State Division of Oil, Gas and Mining

*NOTE: Where one signs by virtue of Power of Attorney for a Surety Company, such Power of Attorney must be filed with this bond. If the Principal is a corporation, the bond shall be executed by its duly authorized officer.

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That CONTINENTAL CASUALTY COMPANY, an Illinois corporation, NATIONAL FIRE INSURANCE COMPANY OF HARTFORD, a Connecticut corporation, AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA, a Pennsylvania corporation (herein collectively called "the CCC Surety Companies"), are duly organized and existing corporations having their principal offices in the City of Chicago, and State of Illinois, and that they do by virtue of the signature and seals herein affixed hereby make, constitute and appoint Gary W. Marville, William R. Moreton, Jonathan M. Jepsen, Sharron Rushton, Philip S. Walter, Marilyn L. Allred, Individually

of Salt Lake City, Utah

their true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on their behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

and to bind them thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of their corporations and all the acts of said Attorney, pursuant to the authority hereby given are hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Laws and Resolutions, printed on the reverse hereof, duly adopted, as indicated, by the Boards of Directors of the corporations.

In Witness Whereof, the CCC Surety Companies have caused these presents to be signed by their Group Vice President and their corporate seals to be hereto affixed on this 26th day of May, 1999.



CONTINENTAL CASUALTY COMPANY
NATIONAL FIRE INSURANCE COMPANY OF HARTFORD
AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA

Marvin J. Cashion

Marvin J. Cashion

Group Vice President

State of Illinois, County of Cook, ss:

On this 26th day of May, 1999, before me personally came Marvin J. Cashion, to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Chicago, State of Illinois; that he is a Group Vice President of CONTINENTAL CASUALTY COMPANY, NATIONAL FIRE INSURANCE COMPANY OF HARTFORD, and AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA described in and which executed the above instrument; that he knows the seals of said corporations; that the seals affixed to the said instrument are such corporate seals; that they were so affixed pursuant to authority given by the Boards of Directors of said corporations and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said corporations.



My Commission Expires March 6, 2000

Mary Jo Abel

Mary Jo Abel

Notary Public

CERTIFICATE

I, Mary A. Ribikawskis, Assistant Secretary of CONTINENTAL CASUALTY COMPANY, NATIONAL FIRE INSURANCE COMPANY OF HARTFORD, and AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA do hereby certify that the Power of Attorney herein above set forth is still in force, and further certify that the By-Law and Resolution of the Board of Directors of each corporation printed on the reverse hereof are still in force. In testimony whereof I have hereunto subscribed my name and affixed the seals of the said corporations this 20th day of October, 1999.



CONTINENTAL CASUALTY COMPANY
NATIONAL FIRE INSURANCE COMPANY OF HARTFORD
AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA

Mary A. Ribikawskis

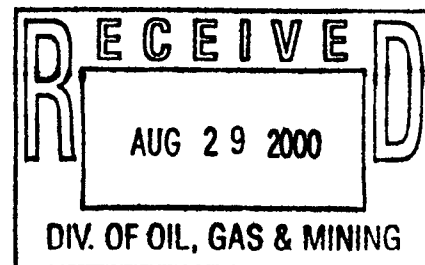
Mary A. Ribikawskis

Assistant Secretary



CNA Plaza Chicago IL 60685

*Returned to
operator 10-27-00*



CANCELLATION NOTICE

Office at Salt Lake City, UT

Date August 25, 2000 ~~18X~~

State of Utah

Division of Oil, Gas & Mining

Attn: Tom Munson

1594 West North Temple, Ste. 1210

Salt Lake City, UT 84114-5801

Notice is hereby given of the cancellation of this Company's Suretyship on behalf of _____

McFarland and Hullinger, L.C.

for One Hundred Thousand and NO/100--- Dollars under Bond Number 929110420
(\$100,000.00)

originally issued on or about October 20, 1999.

This cancellation is to take effect Ninety (90) days from the receipt of this notice
in accordance with the terms of said suretyship.

Continental Casualty Company

Surety

By _____

Sharron Rushton

Attorney-in-Fact

Sharron Rushton

Certified: Z 465 689 854

cc: Principal

Surety Company

G-23168-D

Cancellation was previously sent to the BLM on this bond.

RECEIVED

AUG 9 2 2000

CNA SURETY

DIVISION OF
OIL, GAS AND MINING

RECEIVED
SL FIELD
OFFICE

mf 8/11/00
cheryl em 8/11/00

230 South 500 East, Suite 480, Salt Lake City, UT 84102

'00 JUL 27 PM 4 10

JULY 20, 2000

OBLIGEE:

CANCELLATION NOTICE DEPT OF INTERIOR
CERTIFIED MAIL #P 070 276 399 BUREAU OF LAND MGMT

U.S. DEPT. OF INTERIOR
BLM - SALT LAKE DISTRICT OFFICE
2370 SOUTH 2300 WEST
SALT LAKE CITY, UT 84119

Returned to operator
10-27-00

Notice is hereby given of the cancellation of this Company's Suretyship on behalf of McFARLAND & HULLINGER, L.C. located in TOOELE, UT for ONE HUNDRED THOUSAND AND 00/100 DOLLARS(\$100,000.00) ***** under Bond Number , originally issued on or about OCTOBER 20, 1999.

This cancellation is to take effect NINETY (90) DAYS AFTER RECEIPT OF THIS NOTICE in accordance with the terms of said Suretyship.

CONTINENTAL CASUALTY COMPANY

By: 
RONALD M. MITCHELL, ATTORNEY-IN-FACT

Type of Bond: QUARTSITE OPEN PIT MINE SI02 445 - PERMIT #S/045/046

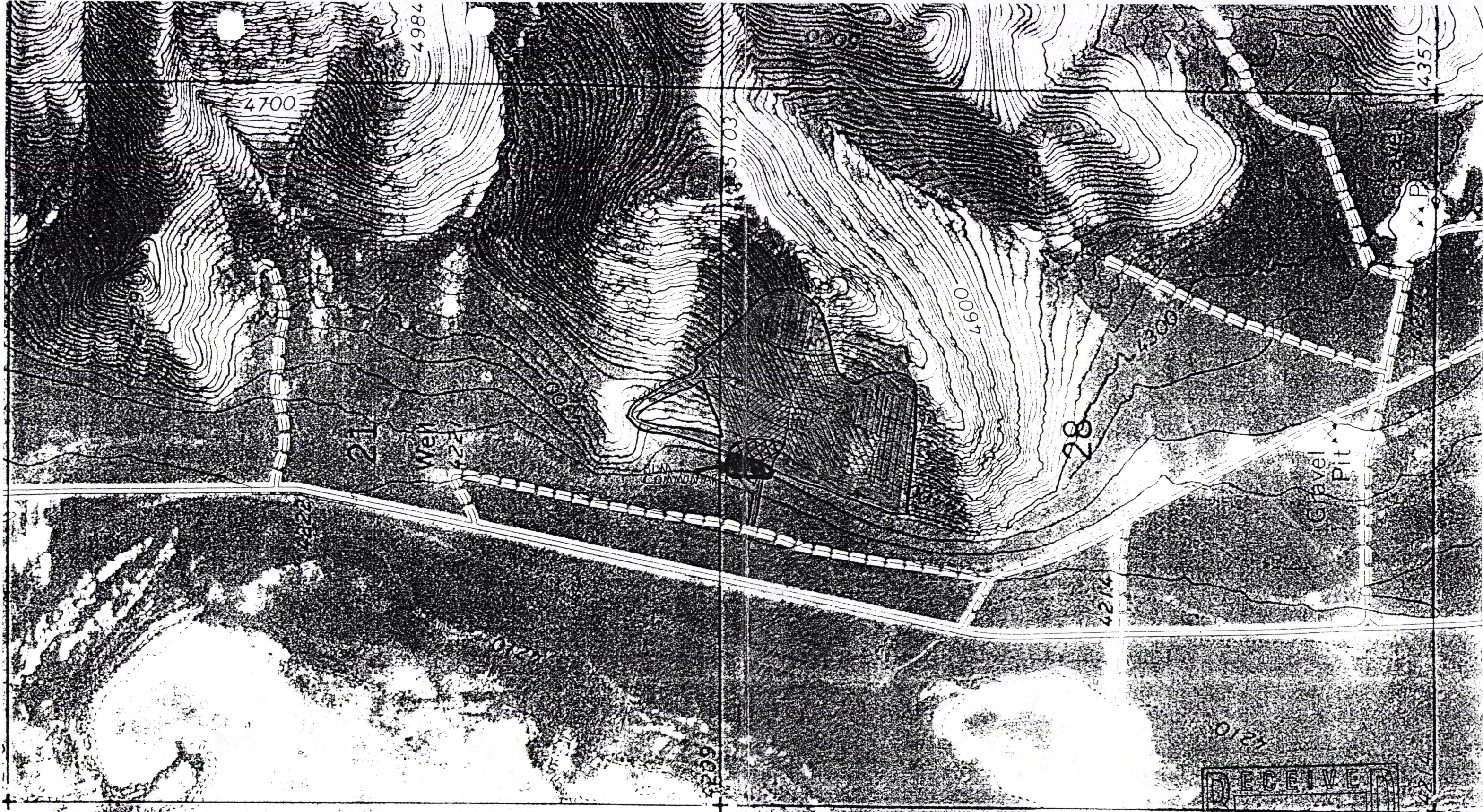
CC: AGENT
PRINCIPAL

Please acknowledge receipt and acceptance of this cancellation. A self addressed stamped envelope has been provided for your use in replying. Thank you.

Obligee

Accepted: _____ Date: _____

A copy of Obligee's signed acceptance must be returned to Surety.



Attachment 6 page 1 of 1

LEGEND

668 Feet

July 2000 Working Face

2001-2005

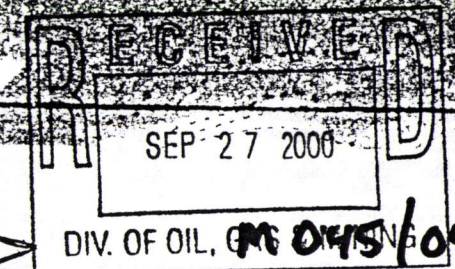
2005-End

BLM COMMON AREA (Topsoil storage area)

Disturbed Area (Road=2 acres)
(Operations=38 acres)

Surface Facility Area
Processing and Operations
(See Attachment D of Original Application)

TOWNSHIP 1 N
RANGE 6 W



SiO₂
McFARLAND + HULLINGER